

Message Text

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 7066

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SUBJECT: PETROLEUM AND NATURAL GAS IN CONGO BRAZZAVILLE

REF: STATE 139774 (NOTAL)

1. THE US INTEREST SECTION OF THE FRG EMBASSY, BRAZZAVILLE, HAS PROVIDED THE FOLLOWING INFORMATION ON THE PRESENT STATUS AND FUTURE PROSPECTS OF PETROLEUM AND NATURAL GAS RESOURCE EXPLOITATION IN CONGO. HERE FOLLOWS AN INFORMAL TRANSLATION BY AMEMBASSY BONN.

2. BEGIN QUOTE. IN 1960, SMALL PETROLEUM RESOURCES (POINTE INDIENNE) WERE DISCOVERED IN THE CONTINENTAL SHELF OFF THE CITY OF POINTE-NOIRE. DURING THE SUBSEQUENT YEARS, ONLY ABOUT 750,000 TONS OF CRUDE OIL WERE PRODUCED FROM THIS SOURCE. IN 1968, THE CONGOLESE GOVERNMENT SIGNED NEW EXPLOITATION CONTRACTS WITH THE FRENCH ELF AND THE ITALIAN AGIP COMPANIES. THE ELF-GROUP (CAPITAL DISTRIBUTION 80 PERCENT ELF-ERAP AND 20 PERCENT CONGOLESE GOVERNMENT, WITH PLANS TO INCREASE THE CONGOLESE SHARE UNDERWAY) DISCOVERED EARLY IN 1969 THE CRUDE OIL RESERVE OF EMERAUDE, COVERING 4,100 SQUARE KILOMETERS. IN ADDITION THE AGIP GROUP RE-

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CENTLY DISCOVERED CRUDE OIL IN LOANGO LOCATED IN THE VICINITY

OF THE ELF CONCESSION. PRODUCTION IN LOANGO IS TO START LATE 1974/EARLY 1975. IT WILL BE OPERATED JOINTLY BY BOTH GROUPS UNDER THE LEADERSHIP OF AGIP.

3. SINCE MID-1972, PRODUCTION HAS TAKEN PLACE ONLY IN EMERAUDE. BY THE END OF 1972, ABOUT 350,000 TONS WERE EXTRACTED. 1.3 MILLION TONS ARE TO BE PRODUCED IN 1973, AND 2.5 MILLION TONS IN 1974. IT IS HOPED THAT AN ANNUAL PRODUCTION OF 4-5 MILLION TONS WILL BE REACHED BY 1975.

4. WITH THIS ANNUAL PRODUCTION OF 4-5 MILLION TONS, THE CONGOLESE TREASURY WOULD GET AT LEAST 3 BILLION FCFA FROM PETROLEUM REVENUES (THE 1973 BUDGET IS ABOUT FCFA 22 BILLION). ALREADY, THE GOVERNMENT COLLECTS MONEY FROM CRUDE OIL PRODUCTION WHICH IS USED FOR FINANCING SPECIAL PROJECTS.

5. AT ITS DRILLING SITES RUBIS MARINE I AND CITRINE MARINE I ELF-CONGO PRODUCED 164,000 TONS IN JUNE 1973. IN JULY 1973, ELF-CONGO WAS ALLOTTED AN ADDITIONAL CONCESSION ON THE SHELF COMPRISING 4,550 SQUARE KILOMETERS (A SEPARATE REPORT WILL BE PREPARED ABOUT THIS). (EMBCOMMENT:REPORT WILL BE FORWARDED WHEN RECEIVED).

6. BY THE END OF 1972, THE ELF-ERAP GROUP HAD INVESTED FCFA 36 BILLION. ANNUAL INVESTMENTS OF FCFA 15 BILLION ARE PLANNED FOR 1972 AND 1973. OF THE TOTAL ELF-ERAP FCFA 66 BILLION INVESTMENT, ABOUT FCFA 40 BILLION ARE EARMARKED FOR THE EMERAUDE CONCESSION, THE REST HAS BEEN COMMITTED FOR CONSTRUCTION OF THE OIL HARBOR AT DJENO WHERE SHIPS UP TO 130,000 TONS COULD BE LOADED. THIS HARBOR IS SCHEDULED TO BE IN OPERATION BY THE END OF 1973.

7. (FRG EMBASSY BRAZZAVILLE COMMENT) BEGIN FYI: SINCE DISCOVERY OF THE PROSPECTIVE RESOURCES AT EMERAUDE AND LOANGO, CONGOLESE GOVERNMENT CIRCLES HAVE TENDED TO BE EUPHORIC ABOUT THE FUTURE DEVELOPMENT OF THE COUNTRY. THIS GOVERNMENT BELIEVES THAT THE CONGO WILL PLAY AN IMPORTANT ROLE AMONG THE PETROLEUM PRODUCING COUNTRIES BECAUSE OF THE WORLD-WIDE PETROLEUM CRISIS. SUCH HOPE IS UNQUESTIONABLY PREMATURE, IF NOT ILLUSORY. HOWEVER, PETROLEUM PRODUCTION WILL BE AN IMPORTANT FOREIGN EXCHANGE SOURCE FOR THE COUNTRY IN THE FUTURE. END QUOTE.

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